

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1056

2001 HOUSE POLITICAL SUBDIVISIONS

HB 1056

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1056

House Political Subdivisions Committee

Conference Committee

Hearing Date 01-11-01

Tape Number	Side A	Side B	Meter #
1	X		0.54--1650
Committee Clerk Signature <i>Ann Dever</i>			

Minutes: Chairman Froseth called the meeting to order with those present: Chairman Froseth, Vice-Chair Severson, Rep. Disrud, Rep. Grosz, Rep. Gunter, Rep. Herbel, Rep. N.Johnson, Rep. Kretschmar, Rep. Maragos, Rep. Tieman, Rep. Delmore, Rep. Eckre, Rep. Rep. Ekstrom, Rep. Fairfield, and Rep. Niemeier.

Sen. Solberg (129) testified in favor of HB1056 relating to audits of regional planning councils by the state auditor. I have served on the Legislative Audit & Fiscal Review Committee since 1991. During this time, we have found out some things that have happened and shouldn't have happened; and hope do not happen again. During our study three years ago, we came up with questions and concerns when the Lake Agassiz controversy surfaced. We think it will be more consistent and accountable to the taxpayers to have the audits done by the state auditor then having each council have a private one done. This would also assure a standard audit of all regional planning councils and also monitor with more discretion.

Rep. Maragos: 416 Do you know the amount of general fund dollars that these political subdivisions get from the state of ND?

Sen. Solberg: No, I can't tell you off hand. It varies from year to year. The vast majority of dollars going in are tax dollars not private.

Rep. Delmore: 495 I have always favor local control of political subdivisions and wonder why you think the state auditor is more qualified to do the audit than someone in the private sector.

Sen. Solberg: 559 I do favor local control, too, but I also think we need a consistent audit. He went on to give an example from 1997 in Higher Education. You need a verifiable audit, not bits and pieces of some pieces that are verified and some not, and then put into the finished audit. You want everything verified to get an absolute audit.

Rep. Delmore: I understand what you are saying, but as a legislative body we micro-manage. Don't you think that is what you are doing with this bill?

Sen. Solberg: Yes. There is a fine line. We took an oath of office to uphold the laws. We may not find anything at all. When there is smoke, there is fire. We saw a lot of smoke when we investigated; hence the bill.

Rep. Niemeier: Can you give us some sort of irregularities that have been detected in the regional audits?

Sen. Solberg: 757 This whole thing has come about because of the Lake Agassiz Council when they moved their money to a private corporation and said it's none of our business. We fought this thing for four years, along with the Attorney General's Office, to get an answer to why this was done and tell us it is none of our business. Hence, the fire. We think we have it all in shape now. We hope we don't find a thing any more. We have a responsibility to the taxpayers of ND.

Rep. Johnson: 899 What kind of audits are being done now?

Sen. Solberg: They each hire and pay for their own audit from the private sector. They don't have to have two audits. They are required to have an annual audit by accredited firm.

Rep. Maragos: Are they required to give these audit to anyone? Do they answer to anybody?

Sen. Solberg: Yes, it's a public document. The people on the board receive a copy.

Rep. Maragos: Are there lots of inconsistencies?

Sen. Solberg: We don't know. You don't know until you get an consistent audit.

Vice-Chair Severson: Have you visited with the regional councils to get their input?

Sen. Solberg: No. But I have never sponsored a bill that did not have some opposition.

Rep. Niemeier: 1177 Are there any sanctions that could be applied to this one council without involving all the others?

Sen. Solberg: By the recommendation of Attorney General's Office, not really.

Rep. Disrud: In this bill you state to have an audit every two years. Now they are auditing every year. How would this affect this in this bill?

Sen. Solberg: Good question. Maybe they can continue on with their regular audit and the state auditor do it every other year.

Chairman Froseth: Any more testimony for or against?

Rep. Maragos: 1500 Can we get more information to the committee before we debate this. Can we find out the breakdown of dollars provided to the councils. What is federal, state, local, and donated money, and whether the cost-benefit ratio is worth it.

Chair Froseth: Yes, and we won't act on this until later. Hearing on HB1056 is closed.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1056 b

House Political Subdivisions Committee

Conference Committee

Hearing Date 1-12-01

Tape Number	Side A	Side B	Meter #
1		x	2504-2944
Committee Clerk Signature <i>Pam Queen</i>			

Minutes: Chairman Froseth : Here is further information on HB1056. The copies you have are the breakdown of regional councils. It shows where the money comes from. Review and we will look at it next week.

Rep. Maragos : (2795) Having served on a Legislative Audit and Fiscal Review Committee, I know a little about this whole issue. Personally, I feel it's a tempest in a tea pot. I think it should be resolved locally. The Lake Agassiz controversy was the impetus for this bill. I don't see the need to politicize this issue by having duplication of audits. This would be an additional expense to the councils.

Rep. Ekstrom : (2944) In addition to the fact that the councils have an annual audit which are done by professional CPA, the State Auditor's Office charges each \$200 to file those audits with the state. Any regions that received federal funds are subject to a federal audit on an annual basis, too.

Rep. Herbel: I feel we shouldn't try to fix something that is not broke. (Discussion ended)

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1056 e

House Political Subdivisions Committee

Conference Committee

Hearing Date 1-19-01

Tape Number	Side A	Side B	Meter #
I		xx	622 - 1200
Committee Clerk Signature <i>Pam Deever</i>			

Minutes: Chairman Froseth : Let's look at HB1056. Vice-Chairman Severson has some information to hand out that might help us decide.

Vice-Chair Severson : I don't know why the state would want to get so involved, and I just don't think we need this bill at all.

Rep. Maragos : (775) I agree. I don't think it's fair to single out the regional councils, and they don't need the added expense.

Rep. Niemeier : (1040) I also fully agree with Rep. Maragos.

**ACTION:** Rep. Maragos moved a **DO NOT PASS** and Vice-Chair Severson seconded.

**VOTE:** 14 YES and 1 NO. **PASSED.** Vice-Chair Severson will carry.

## FISCAL NOTE

Requested by Legislative Council

12/14/2000

Bill/Resolution No.: HB 1056

Amendment to:

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>				\$45,600		\$51,300
<b>Expenditures</b>				\$45,600		\$51,300
<b>Appropriations</b>						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant your analysis.*

The amounts listed above are for the midpoint of the range. If all 8 regional planning councils had just one audit during the biennium, the total cost would be approximately \$30,400 and \$34,200 for the 2001-2003 and 2003-2005 bienia, respectively.

If all 8 regional planning councils wanted to have annual audits, the total cost would be approximately \$60,800 and \$68,400 for the 2001-2003 and 2003-2005 bienia, respectively.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Audit fees generated would be deposited into fund #246, State Auditor Operating fund.

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures would be equal to audit fees and would be charged to fund #246.

Expenditures would be primarily for salaries.



There would not be any effect on the number of FTE positions needed by the State Auditor's Office.

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Appropriation authority would not be affected by this bill.

<b>Name:</b>	Ed Nagel	<b>Agency:</b>	State Auditor's Office
<b>Phone Number:</b>	328-4782	<b>Date Prepared:</b>	12/19/2000

Date: 1-19-01

Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 10576

House POLITICAL SUBDIVISIONS Committee

Subcommittee on \_\_\_\_\_

or

Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO NOT PASS

Motion Made By Rep. Maragos Seconded By Vice Chair Severson

Representatives	Yes	No	Representatives	Yes	No
Chairman Glen Froseth		✓	Rep. Wayne W. Tieman	✓	
Vice-Chair Dale C. Severson	✓				
Rep. Lois Delmore	✓				
Rep. Rachael Disrud	✓				
Rep. Bruce Eckre	✓				
Rep. Mary Ekstrom	✓				
Rep. April Fairfield	✓				
Rep. Michael Grosz	✓				
Rep. Jane Gunter	✓				
Rep. Gil Herbel	✓				
Rep. Nancy Johnson	✓				
Rep. William E. Kretschmar	✓				
Rep. Carol A. Niemeier	✓				
Rep. Andrew G. Maragos	✓				

Total (Yes) 14 No 1

Absent 0

Floor Assignment Vice Chair Severson

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
January 19, 2001 11:35 a.m.

**Module No: HR-09-1282**  
**Carrier: Severson**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1056: Political Subdivisions Committee (Rep. Froseth, Chairman) recommends DO NOT PASS (14 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1056 was placed on the Eleventh order on the calendar.**

2001 TESTIMONY

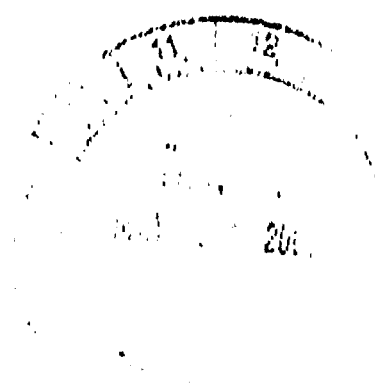
HB 1056

54001

TRI-COUNTY REGIONAL  
DEVELOPMENT COUNCIL

AUDIT REPORT

December 31, 1999



TRI-COUNTY REGIONAL DEVELOPMENT COUNCIL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Year Ended December 31, 1999

10520

GENERAL FUND

REVENUES:	
Member Assessments	\$ 34,700
EDA Planning Grant	48,228
EDA Revolving Loan Fund Grant	193,600
Revolving Loan Fund Match	42,900
ED & F State Contract	16,340
ED & F Mini Grant	167
CDBG Program Admin	13,822
RC & D Contract for Services	14,400
CDBG Project Funds	23,982
CDBG Inspection Fees	2,645
Other Contracts	1,200
Miscellaneous Income	5,495
Interest Income	1,212
Revolving Loan Fund Interest Income	<u>3,911</u>
Total Revenues	402,602
EXPENDITURES:	
Salaries	101,348
Fringe Benefits	7,519
401(k) Employer Contribution	7,008
Health Insurance	17,532
Unemployment Insurance	3,743
Workers Compensation	389
Dues & Memberships	1,643
Audit	2,150
Advertising	503
Resource Materials	865
Equipment & Lease	5,862
Legal & Professional Fees	908
Office Supplies	3,067
Postage	1,378
Contract Services	5,494
Rent	5,880
Utilities	601
Vehicle Repairs	418
Telephone & Fax	4,640
Travel	14,057
Insurance	663
Technical Assistance	95
Miscellaneous	33
Interest Expense	72
Service Fees	41
Revolving Fund Loans Paid Out	<u>236,500</u>
Total Expenditures	<u>422,409</u>
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES	(19,807)
Fund Balance - December 31, 1998	<u>22,696</u>
FUND BALANCE - DECEMBER 31, 1999	<u>\$ 2,889</u>

The accompanying notes are an integral part of these financial statements.

*When the  
may come from  
the...*

54002

SOURIS BASIN PLANNING COUNCIL

AUDIT REPORT

DECEMBER 31, 1999

